ANNUAL REPORT

1999-2000

FRESHWATER FISH MARKETING CORPORATION

The 1999/2000 fiscal year was the best in the past ten years, with sales of $54.9 million. The net income of $4.3 million will be issued as final payment to fishers for their total production during 1999/2000.

LETTER OF TRANSFER FROM CHAIRMAN OF THE BOARD TO MINISTER OF FISHERIES AND OCEANS

Honourable Herb Dhaliwal
Government of Canada
Minister of Fisheries and Oceans
Suite 1570
200 Kent St.
Ottawa, Ontario
K1A 0E6

Dear Mr. Dhaliwal:

I am pleased to submit the Corporation's Annual Report, in accordance with Section 150 of the Financial Administration Act. The Annual Report includes audited financial statements for the fiscal year ending April 30, 2000.

This past fiscal year was the best in ten years, with sales of $54.9 million. The net income of $4.3 million will be issued as final payment to fishers for their total production during 1999/2000.

I was honoured to serve the Corporation in the capacity of Chairman and Acting President for the first half of the 1999/2000 fiscal year. The national search for a new President and Chief Executive Officer reached a successful conclusion November 1, 1999, with the selection and subsequent appointment of Robert Hand.

Respectfully,

Sam W. Murdock
Chairman of the Board
Fisher River, Manitoba

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PRESIDENT'S REPORT

Twenty-five years of domestic and international experience in the fishing industry prepared me well for my appointment as President of the Corporation. My focus and efforts during the latter half of the 1999/2000 fiscal year involved meeting producers, customers, and industry stakeholders where they live and work. Positive liaisons have been established.

A strong Board of Directors and senior management team are in place to effect and strengthen the goals of the Corporation. Important work has begun on the formulation of a corporate strategic plan that will support producers, serve consumers, and consolidate communications.

It is my belief that Freshwater Fish Marketing Corporation has great potential for growth and development. We will continue to improve our service to fishers, fulfilling our mandate to increase returns, while promoting our presence in the international marketplace.

Respectfully,

Robert F. Hand

Robert F. Hand

President and Chief Executive Officer

Winnipeg, Manitoba

CORPORATE PROFILE

The purpose of the Corporation is to purchase all fish offered for sale, to create an orderly market, promote international markets, increase fish trade, and increase returns to fishers.

Freshwater Fish Marketing Corporation, a self-sustaining federal crown corporation created in 1969, is the buyer, processor and marketer of freshwater fish from Manitoba, Saskatchewan, Alberta, Northwest Territories, and part of Northwestern Ontario. The purpose of the Corporation is to purchase all fish offered for sale, to create an orderly market, promote international markets, increase fish trade, and increase returns to fishers. Profits are paid out annually to participating fishers in the form of final payments.

A Board of Directors with a President and Chief Executive Officer govern the Corporation. While all eleven positions on the Board are federal Order-in-Council appointments, five are appointed on recommendation of the appropriate provincial governments. During the 1999/2000 fiscal year, eight of these Directors were fishers, with five being Aboriginal. A senior management team of four assists the President. Forty full-time staff provide administrative support; in addition, there are up to 350 seasonal employees. Forty-six agents grade and purchase fish at seventy-five delivery points. Approximately 2,700 fishers deliver the product, which they harvest from more than 400 lakes in the five provinces.

Freshwater Fish Marketing Corporation has a solid reputation for the reliability, quality and safety of its product. A recognized price leader exercising its right to inter-provincial and international trade and marketing, the Corporation is a dominant player in the U.S. walleye market. It is also the largest supplier of whitefish in Finland, whitefish caviar in Sweden and Finland, and northern pike in France.

101-06705/

FINANCIAL HIGHLIGHTS

- Sales at $54.9 million were the highest in 10 years and $4.1 million or 8% above the prior fiscal year.
- Initial payments to fishers totalled $34.2 million, which was $6.2 million or 23% greater than the previous year. In fact, it was a record payout in initial payments to fishers in the history of the Corporation.
- The substantial increase in initial payments was driven mainly by higher volume, particularly for the high-valued pickerel. In addition, there were significant improvements in initial payments related to price increases (notably for whitefish) and incentive premiums (e.g. headless vs. round pickerel).
- Inventory levels and consequently the loan balance were also affected by the increase in deliveries. However, the inventory is costed below market value and will provide improved returns to fishers when marketed in an orderly manner.
- Market prices showed growth for several species with whitefish leading the way. However, there were modest decreases for pickerel and sauger reflecting the higher availability of pickerel, particularly in the fresh market.
- Non-fish cost of sales on a per unit basis was slightly below the previous year, benefiting from the efficiencies of higher throughputs. Marketing and administrative expenses increased with the most significant items related to staff recruitment, higher interest costs and investments for computer system upgrades to become Year 2000 compliant and ready to enter e-business/e-commerce.
- As a result of all the positive and negative factors as noted, the net income for the year came in at $4.3 million, which was $1.3 million lower than last year.
- The Board has approved the full payout of net income as final payments in the appropriate species pools.
- These final payments combined with the record total initial payments will reflect one of the most successful years ever for fishers.

Sales at $54.9 million were the highest in 10 years and $4.1 million or 8% above the prior fiscal year.

ONE OF THE BEST YEARS EVER IN PAYOUTS TO FISHERS.

FFMC plans a concerted effort in the current fiscal year to diversify and launch new product forms, while retaining its status as the product of choice in its markets throughout the world.

Pickerel

- Higher pickerel sales accounted for the majority of the overall 8% increase in annual sales. The pickerel market in Europe was negatively impacted by low cost Eastern European production, causing the Corporation to withdraw partially from the European market and rely more heavily on markets in the United States.
- Lower pickerel production from Lake Erie created additional opportunities for Freshwater Fish in North American markets.

Whitefish

- The markets in Finland remained strong from a pricing perspective.
- Fresh whitefish markets in North America remained strong throughout 1999/2000.
- Prices on frozen whitefish increased in North America throughout 1999/2000.
- Orders from the market continued to outstrip supply.

Sauger

- The German market was weak with respect to prices, due to low cost competition from Eastern Europe.
- The Corporation began promoting sauger sales aggressively in the more lucrative North American marketplace.

Northern Pike

- Pike is primarily sold to France.
- Higher prices overall were received from the marketplace.

Mullet

- Sales were up from previous years.
- The Corporation's two main North American markets (i.e. kosher and deboned) increased significantly.

Freshwater Fish Marketing Corporation's marketing efforts continue to be market-driven. The Corporation had the benefit of a strong North American economy last fiscal year, especially as it impacted the U.S. walleye market. A price leader both in North American and European markets, FFMC plans a concerted effort in the current fiscal year to diversify and launch new product forms, while retaining its status as the product of choice in its markets throughout the world.

SALES SURGE FOR WHITEFISH, PICKEREL AND MULLET.

Pickerel

- Deliveries of 4.6 million kilograms* were the highest since 1988, up 24% from last fiscal year.
- This year's deliveries were more than double the low point experienced in 1996/1997.
- Higher initial pickerel prices introduced in 1998 in response to low deliveries were maintained, even though production rose rapidly.

Whitefish

- Initial prices were increased in May 1999 and again at the end of August 1999, in keeping with a growing market for all grades of whitefish.
- Total deliveries were improved compared to 1998/1999; however, the total of 5.6 million kilograms finished below the ten-year average.
- Production of whitefish caviar reached 40 tonnes this year in an expanding market.

Sauger

- Deliveries totalled 1 million kilograms, well below the long-term average of 1.7 over the last ten years. Sauger deliveries from Lake Winnipeg, the major producer, seem to have been displaced by increasing pickerel deliveries.

Northern Pike

- Deliveries showed another gradual increase over last year, continuing a trend that has prevailed since 1995.

Mullet

- This was a record year for mullet deliveries in the Corporation's 31-year history of operation.
- This rough fish success story continued with a rise in deliveries to 5.8 million kilograms, up 49% compared to the 1998/1999 fiscal year.
- Mullet deliveries accounted for over $1.7 million in returns to fishers this fiscal year.

This year, overall deliveries were up by 3.1 million kg compared to the year before. Total deliveries have risen two years in a row and it is hoped that this is the beginning of a trend toward higher production. This year's total of 21.3 million kg was the best since 1992 for total delivered weight of fish. The fisheries' resource will support higher delivery levels, particularly for whitefish and mullet.

* *All references to weights delivered are in round equivalent weights.*

Initial prices for whitefish were increased in May and August 1999 in keeping with a growing market.

TOTAL DELIVERIES WERE AT THE HIGHEST LEVEL SINCE 1992.

The Corporation leads with a world class processing facility.

- Considerable time and finances were invested in the development of a Quality Management Program (QMP-R), including a HACCP (Hazard Analysis Critical Control Point) plan, consistent with the requirements of the Canadian Food Inspection Agency.
- A new Sanitation Department was created, enabling the Corporation to train and retain employees as specialists in this vital function.
- The acquisition of a third ammonia freezing tunnel increased peak capacity in excess of 30% for individually quick frozen fillet production.
- New fillet grading equipment enables more accurate packed weights and has improved overall production.
- A system of rotating job assignments was implemented to prevent injuries and stress due to repetitive motion among plant employees.
- A new three-year collective agreement was signed, renewing a productive relationship between management and processing staff.

FRESHWATER FISH MARKETING CORPORATION HAS A SOLID REPUTATION FOR THE RELIABILITY, QUALITY AND SAFETY OF ITS PRODUCT.

TEN YEAR FINANCIAL SUMMARY (1991-2000)

FISCAL YEAR ENDED APRIL 30, 2000 *(All amounts in millions of dollars)*

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Sales	52.1	51.3	45.8	38.8	43.7	47.1	43.0	43.0	50.7	54.9
Net Income Before Final Payments	**2.2**	**6.3**	**6.9**	**3.3**	**4.5**	**2.7**	**0.2**	**2.1**	**5.6**	**4.3**
Initial Payments To Fishers	21.1	29.9	23.2	18.6	24.8	30.3	25.4	22.1	27.9	34.2
Net Income Plus Initial Payments To Fishers	**23.3**	**36.2**	**30.1**	**21.9**	**29.3**	**33.0**	**25.6**	**24.2**	**33.5**	**38.5**
Accounts Receivable - Trade	5.0	5.7	3.2	3.6	4.2	4.5	4.6	3.4	4.8	5.8
Inventory – Finished Fish Products	**1.3**	**4.9**	**5.3**	**2.8**	**3.5**	**6.7**	**7.0**	**4.7**	**5.0**	**8.8**
Inventory – Packaging Material and Parts	1.2	1.2	1.1	1.0	0.9	1.1	1.1	1.1	0.8	0.8
Capital Assets – Net Book Value	**9.2**	**8.6**	**8.0**	**7.3**	**7.6**	**7.5**	**7.0**	**6.1**	**6.3**	**6.5**
Loans Payable	9.9	9.0	6.0	6.6	7.0	11.1	13.2	7.1	5.8	10.9
Retained Earnings*	**3.4**	**3.8**	**4.0**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**

*Retained Earnings

Over the years, the Corporation has gradually established a "retained earnings" balance totaling $4.2 million. This total (commonly known by fish producers as the "reserve fund") was accumulated through deductions from earnings generated from the sale of fish between 1980 and 1994. In 1994, when retained earnings reached $4.2 million, deductions were stopped. These retained earnings are used by the Corporation to finance operations and inventories of fish, and reduce the Corporation's dependency on external financing from banks, thereby enabling the Corporation to reduce annual interest charges. Although $4.2 million in retained earnings is low for a business the size of FFMC, it provides some security against unexpected downturns in the market or extremely serious financial setbacks.

TEN YEAR FINANCIAL SUMMARY (1991-2000)

FISCAL YEAR ENDED APRIL 30, 2000 *(All amounts in millions of dollars)*

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Sales	52.1	51.3	45.8	38.8	43.7	47.1	43.0	43.0	50.7	54.9
Net Income Before Final Payments	2.2	6.3	6.9	3.3	4.5	2.7	0.2	2.1	5.6	4.3
Initial Payments To Fishers	21.1	29.9	23.2	18.6	24.8	30.3	25.4	22.1	27.9	34.2
Net Income Plus Initial Payments To Fishers	23.3	36.2	30.1	21.9	29.3	33.0	25.6	24.2	33.5	38.5
Accounts Receivable - Trade	5.0	5.7	3.2	3.6	4.2	4.5	4.6	3.4	4.8	5.8
Inventory – Finished Fish Products	1.3	4.9	5.3	2.8	3.5	6.7	7.0	4.7	5.0	8.8
Inventory – Packaging Material and Parts	1.2	1.2	1.1	1.0	0.9	1.1	1.1	1.1	0.8	0.8
Capital Assets – Net Book Value	9.2	8.6	8.0	7.3	7.6	7.5	7.0	6.1	6.3	6.5
Loans Payable	9.9	9.0	6.0	6.6	7.0	11.1	13.2	7.1	5.8	10.9
Retained Earnings*	3.4	3.8	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2

*Retained Earnings

Over the years, the Corporation has gradually established a "retained earnings" balance totaling $4.2 million. This total (commonly known by fish producers as the "reserve fund") was accumulated through deductions from earnings generated from the sale of fish between 1980 and 1994. In 1994, when retained earnings reached $4.2 million, deductions were stopped. These retained earnings are used by the Corporation to finance operations and inventories of fish, and reduce the Corporation's dependency on external financing from banks, thereby enabling the Corporation to reduce annual interest charges. Although $4.2 million in retained earnings is low for a business the size of FFMC, it provides some security against unexpected downturns in the market or extremely serious financial setbacks.

SPECIES POOLS AND FINAL PAYMENTS

The Freshwater Fish Marketing Act mandates the Corporation to purchase all legally caught fish. The Act entitles the Corporation to establish a method of payment that provides for initial and final payments under a pool system.

Initial prices are generally set for each species by estimating its market value, subtracting its projected processing and operating costs and withholding an amount for contingencies.

The exception to this is when the Corporation is attempting to develop new markets for underutilized species. In such cases, initial prices are set at above market-justified levels for limited quantities to secure production to test new markets.

It is the Corporation's policy that initial prices for all species be set at the highest possible levels to promote a full fishery in all regions. Higher volumes of even the lower value species help develop markets, maximize efficiencies and contribute to fixed costs for the benefit of all fishers.

Initial prices may be adjusted during the fiscal year to reflect changing market conditions. Most commonly, a temporary premium may be offered for a given species to encourage fishers to harvest when prices are strong or when there is an urgent need to meet a customer's requirement.

At the end of the fiscal year, after the annual audit by the Auditor General's Office, the Corporation determines final payments by pooling the receipts and cost for each fish species. A final payment is recommended to be made when sales revenues exceed all direct and allocated costs for a given species.

The following table provides a ten-year history of pool results:

IT IS THE CORPORATION'S POLICY THAT INITIAL PRICES FOR ALL SPECIES BE SET AT THE HIGHEST POSSIBLE LEVELS TO PROMOTE A FULL FISHERY IN ALL REGIONS.

TEN YEAR SUMMARY (1991-2000)

FISCAL YEAR ENDED APRIL 30

Initial and Final Payments - Millions of Dollars (Current Dollars)

Initial Payments - Net of Freight Back-off
Deliveries - round equivalent weight (millions of kilograms)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Pickerel										
Initial Payment	$6.7	$9.0	$8.9	$6.8	$8.2	$11.6	$9.0	$8.7	$13.0	$17.3
Final Payment	$0.8	$5.0	$4.7	$2.1	$3.8	$2.1	$0.1	$1.4	$3.2	$2.4
Total Payment	$7.5	$14.0	$13.6	$8.9	$12.0	$13.7	$9.1	$10.1	$16.2	$19.7
Delivered	3.9	4.4	3.9	3.0	3.0	3.1	2.6	2.8	3.7	4.6
Price/Round Kg.	$1.92	$3.18	$3.49	$2.97	$4.00	$4.42	$3.50	$3.61	$4.38	$4.28
Sauger										
Initial Payment	$3.4	$4.8	$3.4	$2.5	$4.3	$4.2	$3.2	$2.0	$2.9	$2.8
Final Payment	$0.0	$0.6	$0.9	$0.4	$0.3	$0.5	$0.0	$0.5	$1.0	$0.4
Total Payment	$3.4	$5.4	$4.3	$2.9	$4.6	$4.7	$3.2	$2.5	$3.9	$3.2
Delivered	2.2	2.5	1.9	1.5	1.7	1.3	1.1	1.0	1.1	1.0
Price/ Round Kg.	$1.55	$2.16	$2.26	$1.93	$2.71	$3.62	$2.91	$2.50	$3.55	$3.20
Whitefish										
Initial Payment	$4.7	$5.4	$3.6	$3.0	$6.1	$6.2	$5.9	$5.0	$5.0	$6.2
Final Payment	$0.1	$0.2	$0.4	$0.4	$0.0	$0.1	$0.0	$0.0	$0.8	$0.9
Total Payment	$4.8	$5.6	$4.0	$3.4	$6.1	$6.3	$5.9	$5.0	$5.8	$7.1
Delivered	6.1	6.6	5.3	5.0	6.3	6.4	6.4	5.5	5.3	5.6
Price/ Round Kg.	$0.79	$0.85	$0.75	$0.68	$0.97	$0.98	$0.92	$0.91	$1.09	$1.27
Northern Pike										
Initial Payment	$1.6	$3.6	$2.4	$1.4	$1.3	$1.8	$1.6	$1.6	$1.9	$2.0
Final Payment	$0.7	$0.0	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.3	$0.3
Total Payment	$2.3	$3.6	$2.8	$1.4	$1.3	$1.8	$1.6	$1.6	$2.2	$2.3
Delivered	2.5	3.2	2.6	2.1	1.9	2.5	2.4	2.4	2.7	2.8
Price/ Round Kg.	$0.92	$1.13	$1.08	$0.67	$0.68	$0.72	$0.67	$0.67	$0.81	$0.82
Perch										
Initial Payment	$1.2	$1.6	$0.7	$0.4	$1.3	$1.8	$0.9	$0.7	$0.8	$0.8
Final Payment	$0.2	$0.0	$0.0	$0.0	$0.3	$0.0	$0.0	$0.2	$0.3	$0.3
Total Payment	$1.4	$1.6	$0.7	$0.4	$1.6	$1.8	$0.9	$0.9	$1.1	$1.1
Delivered	0.4	0.5	0.3	0.1	0.4	0.5	0.3	0.2	0.2	0.2
Price/ Round Kg.	$3.50	$3.20	$2.33	$4.00	$4.00	$3.60	$3.00	$4.50	$5.50	$5.50

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TEN YEAR SUMMARY (1991-2000)

FISCAL YEAR ENDED APRIL 30

Initial and Final Payments - Millions of Dollars (Current Dollars)

Initial Payments - Net of Freight Back-off
Deliveries - round equivalent weight (millions of kilograms)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Pickerel										
Initial Payment	$6.7	$9.0	$8.9	$6.8	$8.2	$11.6	$9.0	$8.7	$13.0	$17.3
Final Payment	$0.8	$5.0	$4.7	$2.1	$3.8	$2.1	$0.1	$1.4	$3.2	$2.4
Total Payment	$7.5	$14.0	$13.6	$8.9	$12.0	$13.7	$9.1	$10.1	$16.2	$19.7
Delivered	3.9	4.4	3.9	3.0	3.0	3.1	2.6	2.8	3.7	4.6
Price/Round Kg.	$1.92	$3.18	$3.49	$2.97	$4.00	$4.42	$3.50	$3.61	$4.38	$4.28
Sauger										
Initial Payment	$3.4	$4.8	$3.4	$2.5	$4.3	$4.2	$3.2	$2.0	$2.9	$2.8
Final Payment	$0.0	$0.6	$0.9	$0.4	$0.3	$0.5	$0.0	$0.5	$1.0	$0.4
Total Payment	$3.4	$5.4	$4.3	$2.9	$4.6	$4.7	$3.2	$2.5	$3.9	$3.2
Delivered	2.2	2.5	1.9	1.5	1.7	1.3	1.1	1.0	1.1	1.0
Price/ Round Kg.	$1.55	$2.16	$2.26	$1.93	$2.71	$3.62	$2.91	$2.50	$3.55	$3.20
Whitefish										
Initial Payment	$4.7	$5.4	$3.6	$3.0	$6.1	$6.2	$5.9	$5.0	$5.0	$6.2
Final Payment	$0.1	$0.2	$0.4	$0.4	$0.0	$0.1	$0.0	$0.0	$0.8	$0.9
Total Payment	$4.8	$5.6	$4.0	$3.4	$6.1	$6.3	$5.9	$5.0	$5.8	$7.1
Delivered	6.1	6.6	5.3	5.0	6.3	6.4	6.4	5.5	5.3	5.6
Price/ Round Kg.	$0.79	$0.85	$0.75	$0.68	$0.97	$0.98	$0.92	$0.91	$1.09	$1.27
Northern Pike										
Initial Payment	$1.6	$3.6	$2.4	$1.4	$1.3	$1.8	$1.6	$1.6	$1.9	$2.0
Final Payment	$0.7	$0.0	$0.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.3	$0.3
Total Payment	$2.3	$3.6	$2.8	$1.4	$1.3	$1.8	$1.6	$1.6	$2.2	$2.3
Delivered	2.5	3.2	2.6	2.1	1.9	2.5	2.4	2.4	2.7	2.8
Price/ Round Kg.	$0.92	$1.13	$1.08	$0.67	$0.68	$0.72	$0.67	$0.67	$0.81	$0.82
Perch										
Initial Payment	$1.2	$1.6	$0.7	$0.4	$1.3	$1.8	$0.9	$0.7	$0.8	$0.8
Final Payment	$0.2	$0.0	$0.0	$0.0	$0.3	$0.0	$0.0	$0.2	$0.3	$0.3
Total Payment	$1.4	$1.6	$0.7	$0.4	$1.6	$1.8	$0.9	$0.9	$1.1	$1.1
Delivered	0.4	0.5	0.3	0.1	0.4	0.5	0.3	0.2	0.2	0.2
Price/ Round Kg.	$3.50	$3.20	$2.33	$4.00	$4.00	$3.60	$3.00	$4.50	$5.50	$5.50

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DELIVERIES AND RETURNS BY SPECIES POOL

TEN YEAR SUMMARY (1991-2000) (continued from previous page)

FISCAL YEAR ENDED APRIL 30

Initial and Final Payments - Millions of Dollars (Current Dollars)

Initial Payments - Net of Freight Back-off
Deliveries - round equivalent weight (millions of kilograms)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Mullet										
Initial Payment	$0.3	$1.3	$0.3	$0.4	$0.4	$1.1	$1.3	$1.0	$1.1	$1.7
Final Payment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Payment	$0.3	$1.3	$0.3	$0.4	$0.4	$1.1	$1.3	$1.0	$1.1	$1.7
Delivered	1.0	4.7	0.8	1.1	0.9	3.7	4.7	3.7	3.9	5.8
Price/ Round Kg.	$0.30	$0.28	$0.38	$0.36	$0.44	$0.30	$0.28	$0.27	$0.28	$0.29
Other										
Initial Payment	$1.2	$0.8	$0.7	$0.7	$0.5	$1.0	$1.0	$0.8	$0.7	$0.8
Final Payment	$0.1	$0.2	$0.1	$0.1	$0.1	$0.0	$0.1	$0.0	$0.0	$0.0
Total Payment	$1.3	$1.0	$0.8	$0.8	$0.6	$1.0	$1.1	$0.8	$0.7	$0.8
Delivered	1.6	1.7	1.1	1.2	1.0	1.2	1.6	1.2	1.3	1.3
Price/ Round Kg.	$0.81	$0.59	$0.73	$0.67	$0.60	$0.83	$0.69	$0.67	$0.54	$0.62
All Pools										
Initial Payment	$19.1	$26.5	$20.0	$15.2	$22.1	$27.7	$22.9	$19.8	$25.4	$31.6
Final Payment	$1.9	$6.0	$6.5	$3.0	$4.5	$2.7	$0.2	$2.1	$5.6	$4.3
Total Payment	$21.0	$32.5	$26.5	$18.2	$26.6	$30.4	$23.1	$21.9	$31.0	$35.9
Delivered	17.7	23.6	15.9	14.0	15.2	18.7	19.1	16.8	18.2	21.3
Price/ Round Kg.	$1.19	$1.38	$1.67	$1.30	$1.75	$1.63	$1.21	$1.30	$1.70	$1.69

IMPORTANT WORK HAS BEGUN ON THE FORMULATION OF A CORPORATE STRATEGIC PLAN THAT WILL SUPPORT PRODUCERS, SERVE CONSUMERS, AND CONSOLIDATE COMMUNICATIONS.

TEN YEAR SUMMARY (1991-2000) (continued from previous page)

FISCAL YEAR ENDED APRIL 30

Initial and Final Payments - Millions of Dollars (Current Dollars)

Initial Payments - Net of Freight Back-off
Deliveries - round equivalent weight (millions of kilograms)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Mullet										
Initial Payment	**$0.3**	**$1.3**	**$0.3**	**$0.4**	**$0.4**	**$1.1**	**$1.3**	**$1.0**	**$1.1**	**$1.7**
Final Payment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Payment	**$0.3**	**$1.3**	**$0.3**	**$0.4**	**$0.4**	**$1.1**	**$1.3**	**$1.0**	**$1.1**	**$1.7**
Delivered	1.0	4.7	0.8	1.1	0.9	3.7	4.7	3.7	3.9	5.8
Price/ Round Kg.	**$0.30**	**$0.28**	**$0.38**	**$0.36**	**$0.44**	**$0.30**	**$0.28**	**$0.27**	**$0.28**	**$0.29**
Other										
Initial Payment	**$1.2**	**$0.8**	**$0.7**	**$0.7**	**$0.5**	**$1.0**	**$1.0**	**$0.8**	**$0.7**	**$0.8**
Final Payment	$0.1	$0.2	$0.1	$0.1	$0.1	$0.0	$0.1	$0.0	$0.0	$0.0
Total Payment	**$1.3**	**$1.0**	**$0.8**	**$0.8**	**$0.6**	**$1.0**	**$1.1**	**$0.8**	**$0.7**	**$0.8**
Delivered	1.6	1.7	1.1	1.2	1.0	1.2	1.6	1.2	1.3	1.3
Price/ Round Kg.	**$0.81**	**$0.59**	**$0.73**	**$0.67**	**$0.60**	**$0.83**	**$0.69**	**$0.67**	**$0.54**	**$0.62**
All Pools										
Initial Payment	**$19.1**	**$26.5**	**$20.0**	**$15.2**	**$22.1**	**$27.7**	**$22.9**	**$19.8**	**$25.4**	**$31.6**
Final Payment	$1.9	$6.0	$6.5	$3.0	$4.5	$2.7	$0.2	$2.1	$5.6	$4.3
Total Payment	**$21.0**	**$32.5**	**$26.5**	**$18.2**	**$26.6**	**$30.4**	**$23.1**	**$21.9**	**$31.0**	**$35.9**
Delivered	17.7	23.6	15.9	14.0	15.2	18.7	19.1	16.8	18.2	21.3
Price/ Round Kg.	**$1.19**	**$1.38**	**$1.67**	**$1.30**	**$1.75**	**$1.63**	**$1.21**	**$1.30**	**$1.70**	**$1.69**

IMPORTANT WORK HAS BEGUN ON THE FORMULATION OF A CORPORATE STRATEGIC PLAN THAT WILL SUPPORT PRODUCERS, SERVE CONSUMERS, AND CONSOLIDATE COMMUNICATIONS.

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Freshwater Fish Marketing Corporation (the "Corporation") and all information in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The financial statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains and relies on financial and management control systems and practices, which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper books and records are maintained. These controls and practices are designed to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets regularly with management and the auditors, who have full and free access to the Board.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and for issuing his report thereon.

Robert F. Hand

Robert F. Hand
President and Chief Executive Officer
Freshwater Fish Marketing Corporation

Gabriella Bradics

Gabriella Bradics
Chief Financial Officer
Freshwater Fish Marketing Corporation

Winnipeg, Canada
July 21, 2000

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Freshwater Fish Marketing Corporation as at April 30, 2000 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and the by-laws of the Corporation.

Sheila Fraser

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 21, 2000

As at April 30 (in thousands of dollars)	2000	1999
ASSETS		
Current		
Cash	$ 33	$ 1,508
Accounts receivable	6,033	5,050
Inventories (Note 3)	9,596	5,785
Prepaid expenses	57	57
	15,719	12,400
Capital assets (Note 4)	6,520	6,313
	$ 22,239	$ 18,713
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 2,912	$ 3,109
Provision for final payments to fishers	4,254	5,621
Loans payable (Note 5)	10,920	5,830
	18,086	14,560
Contingencies (Note 10)		
RETAINED EARNINGS		
Retained earnings	4,153	4,153
	$ 22,239	$ 18,713

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Chairman

Director

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the years ended April 30 (in thousands of dollars)	2000	1999
Operations		
Sales (Note 6)		
Export	$ 44,068	$ 42,467
Domestic	10,788	8,267
	54,856	50,734
Cost of sales		
Opening inventory of finished fish products	4,998	4,674
Add fish purchases and processing expenses:		
Initial payments to fishers	33,395	27,228
Salaries, wages and benefits	5,812	5,496
Packing allowances and agency operating costs	4,792	4,175
Packaging and storage	2,475	1,923
Utilities and property taxes	1,294	1,208
Amortization of production assets	1,040	1,074
Repairs and maintenance	796	819
Fishers' E.I. premiums	757	682
Other	391	76
	55,750	47,355
Less ending inventory of finished fish products (Note 3)	(8,791)	(4,998)
	46,959	42,357
Gross profit on operations	7,897	8,377
Marketing and administrative expenses		
Salaries and benefits	1,401	1,149
Interest (Note 7)	797	617
Data processing, office and professional services	610	408
Advertising and promotion	220	275
Amortization of administration assets	287	141
Meeting fees and expenses	253	153
Other	75	13
	3,643	2,756
Income before provision for final payments to fishers	4,254	5,621
Provision for final payments to fishers	4,254	5,621
Net income for the year (Note 8)	-	-
Retained earnings at beginning of the year	4,153	4,153
Retained earnings at end of the year	$ 4,153	$ 4,153

The accompanying notes are an integral part of the financial statements.

For the years ended April 30 (in thousands of dollars)		
Cash provided by (used for)		
Operating activities		
Net income for the year	$ -	$ -
Add (deduct) items not affecting cash		
Amortization	1,327	1,215
Loss on sale of capital assets	261	21
Net changes in non-cash working capital balances relating to operations	(4,991)	(673)
Increase (decrease) in provision for final payments to fishers	(1,367)	3,489
Cash provided by (used for) operations	(4,770)	4,052
Investing activities		
Additions to capital assets	(1,960)	(1,507)
Proceeds on sale of capital assets	165	75
Cash used for investing activities	(1,795)	(1,432)
Financing activities		
Increase (decrease) in loans payable	5,090	(1,291)
Cash provided by (used for) financing activities	5,090	(1,291)
Increase (decrease) in cash during the year	(1,475)	1,329
Cash at beginning of year	1,508	179
Cash at end of year	$ 33	$ 1,508

The accompanying notes are an integral part of the financial statements.

April 30, 2000

1. AUTHORITY, OPERATIONS AND OBJECTIVES

The Corporation was established in 1969 by the Freshwater Fish Marketing Act for the purpose of marketing and trading in fish, fish products, and fish by-products in and outside of Canada. The Corporation is required to purchase all fish legally caught in the freshwater region, which encompasses the provinces of Alberta, Saskatchewan, Manitoba, parts of northwestern Ontario, and the Northwest Territories. Participation of these provinces and territory was established by agreement with the Government of Canada.

The Corporation is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. The Corporation is required to conduct its operations on a self-sustaining basis without appropriations from Parliament and the total borrowings of the Corporation may not exceed $30 million.

The Corporation has the exclusive right to trade and market the products of the commercial fishery on an interprovincial and export basis, and it exercises that right with the objectives of marketing fish in an orderly manner, maximizing returns to fishers, promoting international markets, and increasing interprovincial and export trade in fish, fish products, and fish by-products.

2. SIGNIFICANT ACCOUNTING POLICIES

Inventories

Finished fish products are recorded at the actual cost of fish purchases throughout the year plus the average actual cost for direct labour and overhead directly related to processing. At year-end, finished fish products are valued at the lower of cost and net realizable value. Packaging material and supplies are valued at the lower of cost and replacement cost.

Amortization

Amortization is based on the estimated useful lives of the assets using the following methods and annual rates:

Buildings	- Lake stations	Straight-line	5-10%
	- Plant	Straight-line	2 1/2%
Equipment	- Machinery and office equipment	Declining balance	10-40%
	- Automotive	Declining balance	30%
Fresh fish delivery tubs		Straight-line	10%
Vessels		Straight-line	6 2/3%

The costs for systems under development and plant assets being upgraded or purchased, but that are not yet operational, are charged to construction in progress. When the assets become operational, the cost is transferred to the appropriate capital asset classification and amortized accordingly.

Payments to fishers and retained earnings

The Corporation purchases fish at initial prices established by the Board of Directors based upon operational forecasts prepared by the Corporation and the cost of such purchases is included in the cost of sales. Final payments to fishers, if any, are approved by the Board of Directors after the end of the year, based on the results of operations for the year, and are excluded from the cost of sales. The final payments are made in respect of products purchased during the year and therefore are charged to operations of the current year. After the final payments are established, any remaining income for the year is recorded as retained earnings.

Foreign currency translation
Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the time of the transactions. Amounts receivable and payable denominated in a foreign currency are translated into Canadian dollars at the year-end exchange rate. Foreign exchange gains and losses are included as a component of interest expense.

Pension plan
Employees of the Corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. The Corporation's contributions are expensed on a current year basis and represent the total pension obligations of the Corporation. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Use of Estimates
Financial statements prepared in accordance with generally accepted accounting principles require management to make estimates and judgements that affect the amounts and disclosures reported in the financial statements. The more significant areas requiring the use of management estimates are related to the allowance for doubtful accounts and the provision to reduce all slow moving or unsellable finished fish inventories to their estimated net realizable value. Actual results may differ from those estimated, although management does not believe that any differences would materially affect the Corporation's financial position or reported results of its operations.

3. INVENTORIES *(in thousands of dollars)*

	2000	1999
Finished fish products	$ 8,791	$ 4,998
Packaging material and supplies	805	787
	$ 9,596	$ 5,785

4. CAPITAL ASSETS *(in thousands of dollars)*

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 243	$ -	$ 243	$ 259
Buildings	6,731	4,397	2,334	2,454
Equipment	17,064	13,592	3,472	2,525
Fresh fish delivery tubs	669	312	357	434
Vessels	320	210	110	112
Construction in progress	4	-	4	529
	$ 25,031	$ 18,511	$6,520	$ 6,313

5. LOANS PAYABLE *(in thousands of dollars)*

	2000	1999
Promissory note	$ 5,920	$ 5,830
Bankers acceptances	5,000	-
	$ 10,920	$ 5,830

The promissory note is denominated in U.S. dollars ($4,000,000), unsecured, repayable in U.S. dollars, bears interest at 6.45% (5.33% in 1999) and matures on April 28, 2001.

The bankers acceptances are unsecured, bear interest at 5.38% and mature on May 5, 2000.

6. SALES COMMISSIONS

During the year, the Corporation paid commissions of $958,088 (1999 - $866,389) to sales agents, which are netted against sales in the statement of operations and retained earnings. Included in that amount is $874,966 (1999 - $776,993) of commissions paid to foreign sales agents.

7. INTEREST EXPENSE *(in thousands of dollars)*

	2000	1999
Interest on loans	$ 641	$ 550
Loss on foreign exchange	137	52
Bank charges and other interest	19	15
	$ 797	$ 617

8. INCOME TAXES

The Corporation is eligible to deduct for tax purposes a portion of its capital cost allowance, and accordingly, has no taxable income for the year. At April 30, 2000 the estimate of the excess of undepreciated capital cost over the net book value of capital assets amounted to $1,537,000 (1999 actual - $1,577,000) which can be used to reduce future years' taxable income. No amount has been recorded in the financial statements with respect to this excess amount since it is unlikely that any future income tax benefits will be realized.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, accounts receivable, accounts payable and accrued liabilities, provision for final payments to fishers, and loans payable are valued at their carrying values on the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

10. CONTINGENCIES

(a) The Corporation is involved in various legal proceedings arising from the normal course of business that have been ongoing for a number of years. The outcome of these proceedings cannot be determined with certainty, therefore, no amounts have been recorded in the financial statements. It is the opinion of management that any amounts payable arising from these proceedings will not have a material adverse effect on the financial position of the Corporation. Amounts payable, if any, will be recorded in the year in which they are determined.

(b) Certain employees of the Corporation may be eligible to buy back prior service amounts under the Public Service Superannuation Plan administered by the Government of Canada and receive matching contributions from the Corporation. This matter has been referred to arbitration. Accordingly, no amounts have been recorded in the financial statements as any amounts that may be payable by the Corporation cannot be reasonably determined. Amounts payable by the Corporation, if any, will be recorded in the year in which they are determined.

BOARD OF DIRECTORS

Sam W. Murdock
Chairman of the Board of Directors
Fisher River, Manitoba

Robert F. Hand
President and Chief Executive Officer
Winnipeg, Manitoba

Robert T. Kristjanson
Gimli, Manitoba

Irvin Constant
The Pas, Manitoba

Gordon McDougall
Ashern, Manitoba

James R. Favel
Île-à-la-Crosse, Saskatchewan

Ed Isfeld
Winnipeg Beach, Manitoba

Andrew Bouvier
Île-à-la-Crosse, Saskatchewan

David McArthur
Lac-la-Biche, Alberta

Doug Sayers
Sioux Lookout, Ontario

Bert Buckley
Hay River, Northwest Territories

CORPORATE OFFICERS

Sam W. Murdock
Acting President (May – October 31, 1999)

Robert F. Hand
President and Chief Executive Officer
(effective November 1, 1999)
Email: bob.band@freshwaterfish.com

Gabriella Bradics
Chief Financial Officer
Email: gabriella.bradics@freshwaterfish.com

Gerry Malone
Vice-President, Marketing
Email: gerry.malone@freshwaterfish.com